

Message Text

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C O N F I D E N T I A L TEHRAN 9617

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TAGS: BPUB, IR
SUB: TIME-LIFE PUBLISHING CONTRACT

1. TIME-LIFE BOOKS AND INDUSTRIAL MINING AND DEVELOPMENT BANK
OF IRAN YESTERDAY SIGNED CONTRACT FOR DEVELOPMENT MAJOR
PUBLISHING ENTERPRISE. CONTRACT SIGNED BY JOAN MANLEY, HEAD OF
TIME-LIFE BOOKS AND VICE PRESIDENT TIME, INC.

2. TIME-LIFE TO BE CONSULTANT IN DEVELOPMENT OF NEW COMPANY TO
BE CAPITALIZED AT \$42 MILLION. TIME-LIFE EXPECTS TO BE
INVOLVED APPROXIMATELY THREE AND A HALF YEARS. MUCH OF THIS TIME
TO BE TAKEN UP WITH CONSTRUCTION OF PRINTING PLANT--WITH BASICALLY
LETTERPRESS EQUIPMENT--IN INDUSTRIAL AREA WEST OF TEHRAN AND OF
OFFICE BUILDING IN TEHRAN.

3. FIRM CONTEMPLATES PUBLICATION BROAD RANGE BOOKS FOR EDUCATIONS
AND OTHER MARKETS AS WELL AS PRODUCTION SUCH OTHER EDUCATIONAL MA-
TERIALS AS MAPS, GLOBES AND TOYS. FIRM ALSO WILL PRODUCE VIDEO
TAPES FOR EDUCATIONAL PROGRAMMING BY NATIONAL IRANIAN TELEVISION
AND THE NEW FREE UNIVERSITY. INITIAL OUTPUT EXPECTED TO BE TOTALLY
FOR DOMESTIC MARKET.

4. IMBDI CURRENTLY HOLDS COMPLETE EQUITY BUT PLANS TO SELL LARGE
PORTIONS TO BOTH PRIVATE AND PUBLIC SECTORS. EMBASSY INFORMED THAT
EMPRESS FARAH'S SPECIAL BUREAU NOW PLANNING ACQUIRE APPROXIMATELY
20 PERCENT OF STOCK WITH AN ADDITIONAL 29 PERCENT CONTEMPLATED FOR
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ECQUISITION BY SUCH GOVERNMENT AGENCIES AS NATIONAL IRANIAN TELE-

VISION, THE MINISTRY OF EDUCATION AND THE MINISTRY OF SCIENCE AND HIGHER EDUCATION. IRAN AIR, PAHLAVI FOUNDATION AND RASTAKHIZ PARTY ALSO EXPECTED TAKE POSITIONS. REPORTEDLY PRIME MINISTER HAS AUTHORIZED PARTY ACQUIRE UPWARDS OF TEN PERCENT OF STOCK. STOCK OFFERINGS TO PRIVATE INVESTORS ALSO TO BE MADE.

5. EARLY IN NEGOTIATIONS BANK HAD BEEN INSISTENT THAT TIME-LIFE TAKE A FINANCIAL POSITION, ALBEIT SMALL. FINAL CONTRACT LEAVES THIS AS OPTION FOR TIME-LIFE.

6. TIME-LIFE TO SUPERVISE DESIGN AND CONSTRUCTION OF PRINTING PLANT WHICH EXPECTED TO BE BUILT BY A GERMAN FIRM. EMBASSY UNDERSTANDS FROM TIME-LIFE'S LOCAL REPRESENTATIVE THAT AMERICAN CONTRACTING FIRM INTEREST HAD BEEN SOLICITED BUT THERE WERE NOT SERIOUS TAKERS. HE ADDED THAT THERE SHOULD BE BUSINESS OPPORTUNITIES FOR U.S. PRINTING EQUIPMENT MANUFACTURERS.

7. EMPRESS FARAH HAS PUSHED THIS ENTERPRISE FROM ITS INCEPTION AND IT IS GENERALLY LOOKED UPON AS "HER" PROJECT. THUS, SUCCESSFUL CULMINATION OF SEVEN YEARS OF DISCUSSIONS BETWEEN TIME-LIFE AND IMPERIAL COURT SEEN AS MOVE FORWARD FOR EMPRESS IN COMPETITION WITH PRINCESS ASHRAF, THE SHAH'S TWIN SISTER, IN THIS AREA. DEAL NEARLY CAPSIZED EARLIER THIS YEAR BECAUSE OF HURDLES PLACED IN ITS WAY BY ASHRAF WHOSE SOCIAL SERVICES ORGANIZATION OPERATES COUNTRY'S LARGEST PRINTING ESTABLISHMENT. LATTER OPERATION, WHICH OF SIGNIFICANTLY HIGHER CAPITALIZATION THAN NEW ENTERPRISE, GENERALLY CONSIDERED TO BE VERY POORLY MANAGED. IT HAS BEEN IN BUSINESS FOR A NUMBER OF YEARS BUT REPORTEDLY HAS NEVER PRODUCED MORE THAN HALF ITS CAPACITY.

8. TIME-LIFE RATIONALE FOR PARTICIPATING IS SOMEWHAT ELUSIVE. IT EMBASSY UNDERSTANDING THAT SHAH PERSONALLY PREVAILED ON AMERICAN FIRM TO TAKE OVER CONSULTANT RESPONSIBILITIES TO LAUNCH ENTERPRISE. THIS REPORTEDLY FIRST SUCH ARRANGEMENT IN WHICH TIME-LIFE BOOKS HAS BEEN INVOLVED. THERE ALSO, APPARENTLY, WILL BE OPPORTUNITIES FOR TIME-LIFE TO SELL RIGHTS TO ITS BOOKS AND OTHER ARCHIVAL MATERIALS TO NEW CORPORATION.
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